

Annual Report

GRANDROY MINES LIMITED

FOR THE YEAR ENDED DECEMBER 31, 1966

GRANDROY MINES LIMITED

AUTHORIZED CAPITALIZATION

5,000,000 shares of no par value not to exceed \$5,000,000.00 in the aggregate.

DIRECTORS

PHILIP E. BOYLEN - - - - - Toronto 18, Ontario
D. W. GORDON, F.C.I.S. - - - - - Toronto 5, Ontario
WILLIAM C. DURHAM - - - - - Toronto 17, Ontario
CHARLES B. BRANNIGAN - - - - - Toronto 16, Ontario
GORDON L. MOORE - - - - - Islington, Ontario

OFFICERS

PHILIP E. BOYLEN - - - - - President
D. W. GORDON, F.C.I.S. - - - - - Vice-President
GORDON L. MOORE - - - - - Secretary-Treasurer
CHARLES B. BRANNIGAN - - - - - Assistant-Secretary

HEAD OFFICE

908 - 330 Bay Street - - - - - Toronto, Ontario

TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA
366 Bay Street - - - - - Toronto 1, Ontario

AUDITORS

LOFTUS A. ALLEN AND COMPANY
Chartered Accountants - - - - - Toronto, Ontario

GRANDROY MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

The Balance Sheet and financial statements of the Company for the fiscal year ended December 31st, 1966, and Notes relative thereto and the report of the Auditors are submitted for your consideration.

The Company was again active during 1966, with exploration functioning in the Provinces of Ontario, Quebec and New Brunswick. A brief resume of work carried out and as proposed for the 1967 field season follows:

PROVINCE OF NEWFOUNDLAND:

No additional exploratory work was undertaken on the Hawke's Bay Mining Concession previously held by the Company. Preliminary investigation indicated that the lead-zinc mineralization was limited in extent and low in grade. Due in large part to the weakening picture in lead-zinc prices, it was decided not to expend further monies in this area, and the Concession Agreement was terminated and the Mineral Concession abandoned.

KAGIANO LAKE, ONTARIO:

The group of thirty-three mining claims held by the Company in the Manitouwadge area of Ontario were tested by magnetometer survey, and the resulting anomalies checked by electromagnetic survey methods with completely negative results. The anomalies were further examined by a Company prospecting team with nothing of interest being reported. It has been decided to allow this group of claims to lapse and be abandoned on their anniversary date in September, 1967.

WHETSTONE LAKE — LAKE TOWNSHIP, ONTARIO:

Two mining claims underlying the waters of Whetstone Lake, near Peterborough in South Central Ontario were acquired by staking during the summer of 1966. The claims cover a combined magnetic-electromagnetic geophysical anomaly lying under the waters of this lake near a small island. Numerous small copper-bearing sulphide deposits occur in the immediate vicinity of the lake and the geophysical response is considered to be important enough to warrant diamond drilling. The Company decided to drill the geophysical response subsequent to the 1966 year end, but poor ice conditions have not permitted the movement of diamond drill equipment across the lake.

HAWKE JUNCTION, ONTARIO:

A molybdenite prospect near Hawke Junction, north of Sault Ste. Marie was examined during the early summer but was rejected as being of too low grade.

HUDDERSFIELD TOWNSHIP, QUEBEC:

A group of twelve mining claims was staked to cover a large radioactive occurrence in granitic rocks in Huddersfield Township in south-western Quebec. Previous work on this area had indicated very high thorium values in pegmatic granites that were suspected to carry uranium values below the zone of surface oxidization. The thorium-rich radioactive occurrence on the twelve claim group was investigated during the winter of 1966

by a series of sectional diamond drill holes. None of the holes returned significant values and it is believed that the high radioactivity of the surface outcropping was caused by concentration of secondary thorium oxides resulting from normal weathering processes. The claim group, as a result of the exploratory work carried out thereon, was abandoned prior to the year end.

BAIE JOHAN BEETZ AREA — DESHERBIERS TOWNSHIP, QUEBEC:

Early in February, 1967, what appears to be an important new discovery of uranium ore was made by a syndicate of Canadian mining companies in the Baie Johan Beetz area immediately north of Anticosti Island on the north shore of the Gulf of St. Lawrence. Not much concrete information is yet available except that widespread radioactivity occurs in a large granite stock and that primary uranium minerals have been identified. Grandroy Mines Limited was able to tie onto the original stakers with a large claim group consisting of 130 mining claims for staking costs amounting to Nine Thousand and Fifty Seven Dollars and Ninety Seven Cents (\$9,057.97) covering the favourable granitic intrusive and on which radioactivity has been noted during the staking. It is proposed to commence a major exploration program which will include a radiation survey to be followed by ground geophysics to assess the potential of the ground.

ROY TOWNSHIP — QUEBEC:

The mining claims in Roy Township held under Development Licenses, comprising an area of approximately 2,200 acres, are continued in good standing. The feasibility of mining the copper bearing orebody on this property has been determined, and pursuant to an Agreement dated as of the 5th day of January, 1967, made between the Company and Campbell Chibougamau Mines Ltd., Campbell Chibougamau elected to bring into production the orebody located on a part (being claims 1 and 2 on Development License 10082 and claims 1 and 4 on Development License 10537) of the mining property. Campbell Chibougamau, with the approval of the Company, shall be entitled to explore the remainder of the claims held by the Company at its own expense and should Campbell Chibougamau determine to mine and mill any additional ore which may be discovered, then the expenses incurred by Campbell Chibougamau in such exploration and bringing any such orebody into production shall be dealt with as hereinafter mentioned.

Campbell Chibougamau shall provide funds, personnel, equipment and services necessary to bring into production the aforesaid mining claims held by the Company, and shall mine the ore by open pit methods at a rate of about 1,000 tons per day and treat the ore at its milling plant, and sell the recovered metals in the usual manner. After repayment to Campbell Chibougamau of all capital and preproduction expenses incurred by it, relative thereto, Grandroy Mines Limited and Campbell Chibougamau Mines Ltd., shall share equally the net profits, as defined, derived from the mine.

Work in the open pit started in February, 1967 and some 25,000 tons have been made available for treatment as at the end of March.

PORTAGE RIVER AREA — NEW BRUNSWICK:

A group of 37 mining claims were optioned by the Company from Free Nations Mines Limited situated in the Portage River area near Bathurst, New Brunswick. The claims were originally staked by Free Nations Mines Limited to cover airborne geophysical anomalies. Diamond drilling as well as geochemical, geological and geophysical work failed to reveal any economic base metal mineralization, and as no further work was recommended the option was cancelled and terminated prior to the year end.

PORTAGE RIVER — TOZER BROOK AREAS — NEW BRUNSWICK:

Two other groups of mining claims, (Twenty-five in Portage River area, and eight in the Tozer Brook area) were acquired by staking following an electromagnetic airborne survey in 1965. Exploratory work carried out on the two groups of claims was inconclusive and both groups were permitted to expire and were abandoned.

JACQUET RIVER MINES LIMITED: (a wholly owned subsidiary)

Jacquet River Mines Limited, as at December 20th, 1966, was indebted to the Company in the sum of \$88,077.92 representing advances made in the past by the Company to Jacquet River.

Jacquet River held under the laws of New Brunswick and with good and sufficient title, subject to compliance from time to time with the requirements of the New Brunswick Mining Act, Mining License 848-A covering an area containing in all 1,090 acres situate in the Pabineau River area, Parish of Bathurst, Gloucester County, New Brunswick, and certain shares of other mining Companies having a quoted market value, as at November 30th, 1966, of \$7,790.80. Except for the aforesaid debt to the Company Jacquet River had no outstanding liabilities or obligations other than those accruing with respect to its day to day administration.

Jacquet River agreed to set over, assign and convey its mining property aforesaid, and to sell, assign and convey all of its securities to the Company. In consideration of the aforesaid sales and transfers, the Company has acknowledged and declared that Jacquet River has repaid to the Company in full the aforesaid debt of \$88,077.92 and the Company has released Jacquet River from any further payment of such debt and declared that the debt has been duly satisfied and repaid.

Jacquet River has undertaken with the Company to take the necessary steps under the laws of Ontario to surrender its charter and dissolve its corporate existence. The Company has assumed and will pay all costs and expenses of Jacquet River related to the transfers and sales of the aforesaid assets, and the surrender of the charter of Jacquet River, and will assume and pay all liabilities of Jacquet River which may be incurred by Jacquet River up to the date of the surrender of its charter.

GENERAL:

The mining properties and securities owned by Jacquet River have been purchased by the Company and the amount of \$88,077.92 being the amount of money advanced to Jacquet River in prior years and the cost of the investment of the Company in its subsidiary represented by 1,250,000 shares of the capital stock of Jacquet River in the amount of \$250,000.00 have been written off and charged to the Company's capital deficit account as at year end.

During 1966 your Company sold 250,000 shares of its capital stock for the cash consideration of \$55,000.00.

Respectfully submitted on behalf of the Board of Directors,

Toronto, Ontario,
April 7th, 1967.

PHILIP E. BOYLEN,
President.

GRANDROY M

(Incorporated under the laws of the State of Nevada)

Balance Sheet as at December 31, 1961

ASSETS

Cash.....	\$	155.61
Sundry receivables.....		158.20
Investment in shares of other mining companies — at cost (quoted market value \$101,977.50).....		307,885.05
Mining license, development licenses and unpatented mining claims — at cost.....		156,214.19
Fixed Assets — at cost		
Automotive equipment.....	\$4,122.90	
Mobilehomes.....	5,700.00	
	<u>\$9,822.90</u>	
Less: Accumulated depreciation.....	<u>7,225.99</u>	2,596.91
Deferred development and administrative expenditures — per statement..		<u>347,272.55</u>
		<u><u>\$814,282.51</u></u>

Approved on behalf of the Board:

P. E. BOYLEN, Director.

G. L. MOORE, Director.

The accompanying notes form an integral part of this statement.
Auditors' report is on page 10.

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Laws of Ontario)

December 31, 1966

LIABILITIES

Accounts payable and accrued liabilities.....		\$ 2,491.16
Shareholders' Equity		
Capital Stock		
Authorized		
5,000,000 Shares of no par value		
Issued and Fully Paid (Note 2)		
4,850,005 Shares.....	\$1,638,755.25	
Capital Deficit — per statement.....	<u>826,963.90</u>	811,791.35
		<u><u>\$814,282.51</u></u>

al part of the financial statements.
attached.

LOFTUS A. ALLEN & COMPANY

CHARTERED ACCOUNTANTS

SUITE 235 - 48 YONGE STREET

TORONTO 1, CANADA

TELEPHONE
363-8348

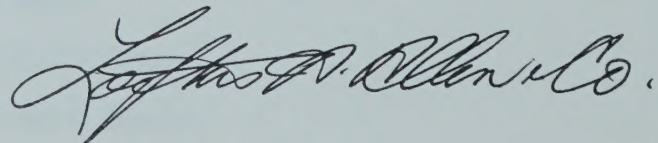
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of

GRANDROY MINES LIMITED

as at December 31, 1966 and the statements of capital deficit and deferred expenditures for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of capital deficit and deferred expenditures present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Toronto, Ontario,
April 6, 1967.

Chartered Accountants

GRANDROY MINES LIMITED

Statement of Capital Deficit

For the Year Ended December 31, 1966

BALANCE—DECEMBER 31, 1965.....		\$457,094.66
ADD—		
Cost of mining claims abandoned		
189 Unpatented mining claims Fergus Township, Province of Ontario.....	\$ 1,039.50	
27 Unpatented mining claims Ecclestone Township, Province of Ontario.....	1,184.75	
12 Unpatented mining claims held under miner's certificates, Huddersfield Township, Province of Quebec.....	1,524.65	
13 Unpatented mining claims held under miner's certificates, Nelligan Township, Province of Quebec.....	236.03	
33 Mining claims, Portage River Area, New Brunswick.....	2,181.30	
Option payment to purchase 37 mining claims in Portage River Area, Province of New Brunswick from Free Nations Mines Limited not exercised.....	7,500.00	
Development costs on above claims.....	106,203.01	
Investment in the shares of Jacquet River Mines Limited.....	250,000.00	369,869.24
BALANCE—DECEMBER 31, 1966.....		<u>\$826,963.90</u>

NOTES TO FINANCIAL STATEMENTS

As at December 31, 1966

1. The accounts of Grandroy Mines Limited and its wholly owned subsidiary, Jacquet River Mines Limited, have not been consolidated as Jacquet River Mines Limited has no assets and proposes to surrender its charter in 1967. The mining properties and securities owned by Jacquet River Mines Limited were purchased by Grandroy Mines Limited for \$88,077.92 being the amount of money advanced in prior years and the cost of the investment in the subsidiary of \$250,000 was written off to capital deficit.
2. During the year, 250,000 common shares were issued for a cash consideration of \$55,000.
3. Under the terms of an agreement dated January 5, 1967, Campbell Chibougamau Mines Ltd. (No Personal Liability) shall provide funds, personnel, equipment and services necessary to bring into production mining claims owned by Grandroy Mines Limited in the Township of Roy in the Province of Quebec presently held under Development Licenses. Campbell Chibougamau Mines Ltd. (No Personal Liability) shall treat the ore at its milling plant and sell the recovered metals in the usual manner. After repayment to Campbell Chibougamau Mines Ltd. (No Personal Liability) of all capital and preproduction expenses incurred by it, Grandroy Mines Limited and Campbell Chibougamau Mines Ltd. (No Personal Liability) shall share equally the net profits (as defined) derived from the mine.

GRANDROY MINES LIMITED

Statement of Deferred Expenditures

For the Year Ended December 31, 1966

DEVELOPMENT EXPENSE

Balance — December 31, 1965.....		\$305,075.28	
Additions during year			
Assays.....	\$ 56.50		
Diamond drilling.....	14,937.22		
Geologists' fees and expenses.....	3,887.70		
License and transfer fees.....	2,436.25		
Line cutting.....	2,296.80		
Maps and blueprints.....	880.35		
Prospecting equipment and supplies.....	1,798.94		
Surface exploration.....	2,062.86		
Surveys.....	2,435.15		
Travelling and transportation.....	5,085.15		
Consulting fees.....	600.00	36,476.92	
		<u>\$341,552.20</u>	
Deduct — Costs applicable to mining claims abandoned....		106,203.01	\$235,349.19

ADMINISTRATIVE EXPENSE

Balance — December 31, 1965.....		\$ 97,307.82	
Additions during year			
Advertising.....	\$ 23.45		
Automotive maintenance.....	519.26		
General expenses.....	238.61		
Bank charges.....	13.99		
Legal and audit.....	825.25		
Listing and sustaining fee.....	200.00		
Office and stationery.....	631.43		
Maps and blueprints.....	25.60		
Telephone and postage.....	1,060.39		
Engineering and consulting fees.....	1,590.00		
Transfer agent and registrar fees.....	1,110.97		
Travelling.....	215.73		
Prospecting service.....	1,723.80		
Head office administrative.....	3,000.00		
Reports to shareholders.....	810.61		
Depreciation expense.....	1,112.96		
Filing fees.....	360.00		
Unemployment insurance.....	21.97		
Insurance.....	248.67		
Quebec Pension Plan.....	25.17		
Directors' fees.....	1,500.00		
	<u>\$15,257.86</u>		
Less — Interest earned.....	642.32	14,615.54	111,923.36
			<u>\$347,272.55</u>

